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USAID LAOS BUSINESS ENVIRONMENT

Laos Business Environment, a five-year project funded by the United States Agency for International Development (USAID), assists the Government of Laos to enhance the competitiveness of small and medium-sized enterprises (SMEs) while strengthening the country's business environment.

Over the past fifteen years, Laos has made great strides in opening its economy and achieving high annual GDP growth. However, this growth has been driven primarily by large scale investments in hydropower, mining, and construction — sectors typically dominated by large companies. While SMEs make up the majority of firms and provide the greatest number of jobs among private sector employers in Laos, they often lack the resources or know-how to successfully grow their business or access new markets. USAID Laos Business Environment works with the Government of Laos to provide targeted advice and training to SMEs in order to spur job creation, expand regional and international trade, and generate inclusive, broad-based economic growth.

LBE works with the Government to provide targeted technical support to SMEs with the aim of stimulating job creation, fostering regional and international trade expansion, and cultivating inclusive, widespread economic growth.

COMPETITIVENESS OF SMES ENHANCED

USAID builds the capacity of SMEs to meet regional and international product and service quality standards; engage with the digital economy; and understand key laws and regulations. It also has a

grant mechanism that supports SME capacity building by engaging business development services providers and business associations.

PUBLIC-PRIVATE COLLABORATION MORE INCLUSIVE

USAID strengthens the public-private consultative processes at both the national and local levels, helping the GoL to be more knowledgeable of, and responsive to, the needs of SMEs. The project works with both the Ministry of Industry and Commerce and the Lao National Chamber of Commerce and Industry to strengthen existing public-private dialogue platforms – particularly at the provincial level – to ensure that they are broadly representative of the business community in Laos.

MORE EFFECTIVE FACILITATION OF MARKET ECONOMY

USAID supports Laos to improve the public services provided to SMEs, including training government authorities to collect and analyze economic and trade data; improving implementation of key trade and commercial rules and regulations; strengthening mechanisms for commercial dispute resolution; and improving the trade-related services provided to SMEs interested in accessing domestic and regional markets.

KEY RESULTS

- Partnered with a local bamboo handicraft production group in Phonsavath, Champasak, to install modern machinery and enhance members' design skills. Previously limited to producing 300 bamboo strips per hour, with USAID's support, the Group has now achieved a remarkable increase to 1,875 strips per hour—a staggering 525% rise in productivity—thanks to the implementation of new machinery and training. Furthermore, their daily production capacity has surged an impressive 900% from 1,500 to over 15,000 strips per day.
- Established the public-private dialogue mechanism in Champasak, the second-largest province of Laos. USAID is building the capacity of the LPPD Secretariat to organize and lead the first and second annual Champasak Business Forum through a comprehensive approach that includes facilitating an effective public-private dialogue, as well as strategic planning to ensure the long-term viability of the LPPD program.
- Supported the government to strengthen its mechanisms for commercial dispute resolution by developing the Decree on Private Mediation Office. Particularly, USAID supported LNCCI to establish the private mediation office. This groundbreaking initiative will introduce an alternative dispute resolution mechanism, empowering businesses in Lao PDR to resolve commercial disputes more efficiently and cost-effectively.
- Facilitated the passage of 15 key pieces of legislation (including ministerial decisions, decrees, and laws), which have been instrumental in modernizing regulations to support e-commerce, promote tourism recovery, deliver intellectual property protection, enhance handicraft businesses, and improve dispute resolution mechanisms. These efforts have significantly improved the business environment in Laos, promoting economic growth, enhancing consumer protection, and increasing market confidence, which are essential for attracting foreign investment and supporting local enterprises.